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SUBJECT: EAST JAVA: A DUEL OVER THE ROLE OF INDONESIA'S GOVERNORS

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¶1. (U) Summary: Do Indonesian governors represent the central government? Or, are they independent local leaders who must operate like corporate CEOs? Two well-known governors debated their roles during decentralization at a seminar sponsored by the Jawa Pos Institute of Pro Otonomi (JPIP). Decentralization in Indonesia is the transfer of power from the central government to local governments. But eight years on, what decentralization and local autonomy really means is still unclear. The role of the governor in managing resources and increased budgets was debated by Fadel Muhammad, Governor of Gorontalo, and Gamawan Fauzi, Governor of West Sumatra. Crowd support was clearly behind Fadel and his opinion that governors should function like a corporate CEO and run their provinces like companies. End summary.

Dueling Governors

¶2. (U) Jawa Pos Institute of Pro Otonomi (JPIP), a research body belonging to media giant Jawa Pos Group and supported by USAID, held a seminar on the relations between the central and local governments on May 27, 2009, in Surabaya. JPIP conducts annual research on the performance of local governments in East Java and other Indonesian provinces and awards top performers. USAID's Local Governance Support Program encourages better local governance in 9 provinces, including East Java. This May seminar was part of a broader, ongoing dialogue between Indonesian lawmakers, civil society, and regional governments about the proper role of local officials. The seminar presented two well-known governors Fadel Muhammad from Gorontalo and Gamawan Fauzi from West Sumatra. Both exchanged sharply different opinions on the role of governors in decentralization. Under current law, the Governor is both representative of the central government and the directly elected head of the province. This dual role leaves room for interpretation, however. Fadel Muhammad is a businessman known for using modern management practices, while Gamawan Fauzi insisted that the governor should do no more than represent the central government.

Governor as CEO

¶3. (U) Fadel Muhammad worries about the lack of management capacity in local governments. During his remarks he said that civil servants are still trapped in a 'yes sir' culture. Moreover, a governor is like a corporate CEO and should behave like one, daring to break rigid rules imposed by the central government for the good of the province, according to Fadel. He has made drastic changes in Gorontalo by restructuring the bureaucracy and salary system, introducing information technology, and sending employees to study management and

finance at Gadjah Mada University. In one instance, Fadel abolished the government's motorpool and converted to leased vehicles, reportedly saving money on maintenance. Fadel's changes met with strong resistance from many who regarded official cars as their personal vehicles. Fadel explained that motorpool savings were given out as bonuses.

Governors Represent the Government

¶4. (U) West Sumatran Governor Gamawan Fauzi strongly disagreed with Fadel. He said that the governor is a representative of the central government and should do what the central government says. He added that governors who do not play by the rules could be arrested. He urged all provincial leaders not to adopt Fadel Muhammad's methods and reminded the audience that the provincial government is not a company. Gamawan Fauzi contrasted decentralization in Indonesia is with federalism in the U.S or Europe. A governor cannot demand total freedom of authority. Fauzi also said that decentralization is not a transfer of all powers from the central government to local governments. He proposed rolling back the current law and appointing governors by the president, as was the practice during the Suharto era. He pointed out that gubernatorial elections are a waste of money since the governor has limited powers.

Be Brave, Prosecutors will Understand

¶5. (U) Fadel Muhammad retorted that local governments should have the freedom to innovate for the sake of public welfare. He complained about reprimands and questions from the Ministry of Home Affairs, police, and the Attorney General's Office regarding his creativity based on modern management principles. He noted that he is able to maintain his reforms by

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demonstrating the results of his innovations. Fadel urged all local governments to be brave and creative as the central government, police, and Attorney General's Office will understand provided that the governors are able to provide clear reasons and practical results.
MCCLELLAND